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UNCLAS SECTION 01 OF 02 ANKARA 003192

SIPDIS

SENSITIVE

TREASURY FOR INTERNATIONAL AFFAIRS - MMILLS, CPLANTIER, AND
SDONOVAN
NSC FOR BRYZA AND MCKIBBEN

E.O. 12958: N/A

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SUBJECT: TURKISH MFA ON BRUSSELS CONFERENCE

REF: SECSTATE 103222

1. (SBU) Summary: Foreign Minister Gul will head Turkey's delegation to the Brussels conference. The GOT does not yet have a position on bilateral debt, but is resisting outright forgiveness. MFA officials say progress on assistance continues to be on hold until security improves. End Summary.

2. (SBU) A/DCM and Econoff delivered reftel talking points to MFA Middle East Director General Oguz Celikkol June 3. Celikkol said Deputy Prime Minister and Foreign Minister Abdullah Gul will lead the Turkish delegation to the Brussels Conference. In a separate meeting June 6, Turkey's Coordinator for Assistance to Iraq Ambassador Koray Targay told ECON/C that he will accompany Gul, along with Celikkol, Special Envoy for Iraq Osman Koroturk, and DDG for the Middle East Safak Gokturk. Celikkol and his staff claimed they were not well-informed on the details of the conference and asked for more information, such as plans for a concluding resolution.

Debt

3. (SBU) On Iraq's \$ 1.6 billion debt to Turkey, Celikkol said that, as far as he was aware, the Iraqi authorities have yet to approach Turkey requesting a debt restructuring. Targay said that the issue was on the agenda for Prime Minister Erdogan's meeting with Iraqi Prime Minister Jafari during his recent visit to Turkey, but he did not know if the two Prime Ministers discussed the issue. He thought the Iraqis had raised the subject with Finance Minister Unakitan, who could only refer them to the Turkish Treasury (a separate institution not under the finance minister), which is responsible for debt. Celikkol and Targay repeated other Turkish officials' comments that Turkey could not forgive the debt, although they thought rescheduling might be possible. Per reftel, we said Turkey should consider repayment terms equivalent to 80% forgiveness. The officials admitted that the GOT did not have an official position. (Comment: We will also pursue this issue with the Treasury.)

Assistance

4. (SBU) Celikkol said Jafari had asked about Turkish plans for assistance. Celikkol said the GOT was not yet ready to disburse, although the Minister might provide some specifics in Brussels. Targay said Turkey's list of projects (the biggest being hospitals in Basra and Baghdad) remains unchanged, but that the security situation has kept them "on hold." He also confirmed that GOT water engineers would be traveling to northern Iraq to provide advice on municipal water distribution. When ECON/C asked about the prospect of beginning spending soon, Targay said that MFA officials had expected the security situation to improve after the election

but
lately have been concerned that the situation has been
worsening.
He stressed that hospitals need to operate in a stable
environment.
Targay also said that a small share of the \$50 million
Turkish pledge
had already been disbursed, including on training projects
for Iraqi
police, diplomats, and healthcare workers. We have asked
Targay,s
office for a more precise accounting, which we will report
when it
is provided.

Baghdad Minimize Considered.
MOORE